

TOWN OF NANTUCKET FISCAL YEAR 2008 BUDGET OVERVIEW TO DATE

November 29, 2006

for

Board of Selectmen,
Finance & School
Committees

First 2008 Projection was in July; changes since then include:

- Slight increase in revenue estimate
 - 2007 new growth amount still to be certified by the state
- School Administration and School Committee have provided preliminary figures from their budget process
- Supplemental requests from town and school are included
- Significant large expenditure amounts are still estimates, e.g., health insurance, BCRP

Total Revenue & Expenditures

November 29, 2006 summary

| | 2005 | 2006 | 2007 | 2008 |
|---|------------|-------------------|------------|-------------------|
| Totals | actual | actual | budget | <i>projection</i> |
| Revenue & other sources | 56,898,345 | 63,076,249 | 66,801,642 | 70,336,800 |
| Expenditures & other uses | 55,192,161 | 61,146,169 | 66,801,642 | 70,275,594 |
| Net / (gap) | 1,706,184 | *1,930,080 | 0 | 61,206 |
| Supplemental requests, town & school | | | | 3,616,200 |
| Total gap plus all supplemental requests: | | | | (3,554,994) |
| * \$399,234 of this amount is reserved for debt service | | | | |

Total Revenue and Other Resources

| | 2003 Actual | 2004 Actual | 2005 Actual | 2006 Actual | 2007 Budget | 2008 Projected |
|--|----------------|----------------|----------------|----------------|----------------|-------------------|
| Tax revenue | 37.3 | 39.9 | 43.1 | 46.7 | 51.1 | 56.5 |
| Other local revenue | 9.9 | 10.9 | 12.6 | 12.0 | 11.5 | 12.1 |
| State Revenue | 1.3 | 1.0 | 1.0 | 1.1 | 1.5 | 1.5 |
| Other sources | 2.3 | 0.5 | 0.2 | 3.2 | 2.7 | * .2 |
| Total Revenue & other sources | 50.8 | 52.3 | 56.9 | 63.0 | 66.8 | 70.3 |
| * Other sources - free cash - for 2008 will be added later in the budget process, to be used in accordance with the free cash policy | | | | | | |

Tax Revenue

| | 2005 | 2006 | 2007 | 2008 |
|------------------|---------------|---------------|------------------------------|------------------------------|
| Prior levy limit | 36,195,154 | 38,499,764 | 41,396,487 | 45,972,987 |
| + 2.5 % | 904,879 | 962,494 | 1,034,912 | 1,149,325 |
| + override | 0.0 | 495,000 | 2,186,588 | |
| + new growth | 1,399,731 | 1,439,229 | 1,355,000 | 1,316,000 |
| = levy limit | 38,499,764 | 41,396,487 | 45,972,987 | 48,438,312 |
| Exempt debt | 4,911,544 | 6,254,803 | 6,102,414 | 8,741,500 |
| Total tax levy | 43,411,308 | 47,651,290 | 52,075,401 | 57,179,812 |
| Abatement all. | -250,800 | -914,316 | -924,383 | -708,000 |
| Net available | 43,160,508 | 46,736,974 | 51,151,018 | 56,471,812 |
| Res. tax rate | 3.30 | 2.84 | <i>Estimated 2.64</i> | <i>Estimated 2.61</i> |
| Levy ceiling | 326.2 million | 411.9 million | 440.0 million | 480.0 million |

Other Local Revenue

| | 2005 Actual | 2006 Actual | 2007 Budget | 2008 <i>Projected</i> |
|----------------------------|----------------|----------------|----------------|--------------------------|
| Our Island Home | 2,858,467 | 3,081,245 | 3,010,000 | 3,120,000 |
| Excise taxes | 3,488,111 | 3,793,749 | 3,634,000 | 3,952,000 |
| Licenses & permits | 1,723,875 | 1,579,218 | 1,510,000 | 1,768,000 |
| Fees, rentals, interest | 1,724,676 | 1,750,592 | 1,600,000 | 1,664,000 |
| Fines, forfeits, penalties | 810,631 | 692,212 | 650,000 | 624,000 |
| Other | 296,207 | 333,479 | 329,000 | 208,000 |
| Misc-recurring | 694,498 | 814,505 | 750,000 | 809,000 |
| Non-recurring (OIH) | 967,708 | 0 | 0 | 0 |
| Total Local Revenue | 12,564,173 | 12,045,000 | 11,483,000 | 12,145,000 |

State Revenue

- Ch. 70 and other school-related aid
- Lottery
- Police career incentive (“Quinn bill”)
- Library assistance
- State-owned land

| | 2005 Actual | 2006 Actual | 2007 Budget | 2008 Projected |
|---------------|----------------|----------------|----------------|-------------------|
| State Revenue | 998,664 | 1,120,275 | 1,479,624 | 1,480,000 |

Expenditures & Other Uses: Projections for FY 2008 Budget



- Salaries
- Health Insurance
- Pension
- Operating Expenses
- Transfer to Enterprise Fund
- Other Articles and Assessments
- Debt Service
- Capital

Expenditures – Salary

| | 2005 | 2006 | 2007 | 2008 |
|---|------------|------------|------------|-------------|
| | Actual | Actual | Budgeted | Projected |
| Town Salary | 14,163,176 | 14,401,206 | 15,972,200 | 17,016,200 |
| School Salary | 13,473,610 | 14,210,821 | 15,521,600 | *16,110,604 |
| Allowance for contractual changes, town | | | 52,000 | 300,000 |
| Subtotal | 27,636,786 | 28,612,027 | 31,545,800 | 33,426,804 |

*per October 12, 2006 NPS memo, before supplementals

Expenditures – Salary & Benefits

| | 2005 | 2006 | 2007 | 2008 |
|--------------|------------|------------|------------|------------|
| | Actual | Actual | Budgeted | Projected |
| Subtotal Sal | 27,636,786 | 28,612,027 | 31,545,800 | 33,126,804 |
| Health Ins. | 6,119,329 | 6,999,220 | 8,154,000 | 9,377,000 |
| BCRP (ret) | 2,629,487 | 2,761,460 | 3,058,323 | 3,360,000 |
| Subtotal | 36,385,602 | 38,372,707 | 42,758,123 | 45,863,804 |

Expenditures – non salary

| | 2005 | 2006 | 2007 | 2008 |
|-------------------------------------|------------|------------|---------------|------------------|
| | actual | actual | <i>budget</i> | <i>projected</i> |
| Op Ex Town | 5,845,642 | 5,562,053 | 5,532,150 | 5,532,150 |
| Op Ex School | 3,594,692 | 4,114,621 | 3,680,900 | 4,118,326 |
| General Insurance | 747,668 | 938,811 | 1,199,000 | 1,355,000 |
| General fund to community school | 310,000 | 310,000 | 310,000 | 310,000 |
| Subtotal | 10,498,002 | 10,925,485 | 10,722,050 | 11,315,476 |

Town: level funded for this presentation; supplementals are shown in subsequent slides (22-27)

School: per October 12, 2006 NPS memo, partially offset by projected staff reductions. This is before “new requests/savings” figures presented at subsequent slide (28)

Debt Service Expenditures

| | 2005 | 2006 | 2007 | 2008 |
|----------------------------------|-----------|-----------|-----------|-----------|
| | Actual | Actual | Budget | Projected |
| Non-excluded debt | 257,921 | 357,746 | 363,300 | 349,800 |
| Excluded debt (overrides) | 4,911,544 | 5,880,382 | 6,501,700 | 6,468,500 |
| Estimate for Debt – To be issued | | | | 2,076,014 |
| Debt Service subtotal | 5,169,465 | 6,238,128 | 6,865,000 | 8,894,314 |

Note: Debt refunding in FY2006 results in \$399,234 collected in FY2006 which must be used for 2007 debt.

Article 8 Pro-forma Totals

| | 2005 | 2006 | 2007 | 2008 |
|--------------------|------------|------------|---------------|------------------|
| | actual | actual | <i>budget</i> | <i>projected</i> |
| Salary & Benefits | 36,385,602 | 38,372,707 | 42,758,123 | 45,863,804 |
| Operating Expenses | 10,498,022 | 10,925,485 | 10,722,050 | 11,315,476 |
| Debt Service | 5,169,465 | 6,238,128 | 6,865,000 | 8,894,314 |
| Article 8 Total | 52,053,089 | 55,536,320 | 60,345,173 | 66,073,594 |

Expenditures – Assessments, Other Articles, Deficits and Transfers

| | 2005 | 2006 | 2007 | 2008 |
|---------------------------|-----------|-----------|-----------|------------------|
| | actual | actual | budget | <i>Projected</i> |
| To Enterprise Fund | 2,120,000 | 1,900,000 | 2,586,588 | 2,716,000 |
| State | 338,525 | 383,452 | 347,745 | 370,000 |
| County | 100,000 | 100,000 | 100,000 | 100,000 |
| Reserve Fund * | 0 | 0 | 500,000 | 500,000 |
| Article 9 Human Svcs | 329,996 | 330,635 | 331,000 | 331,000 |
| Overlay / Deficits / unpd | 250,551 | 276,762 | 243,136 | 185,000 |
| To Stabilization Fund | 0.0 | 1,200,000 | 700,000 | <i>Later</i> |
| Subtotal, this page | 3,139,072 | 4,190,849 | 4,808,469 | 4,202,000 |

* No expenses from reserve fund, budgets were \$710,000 and \$700,000. Amounts are transferred to other budgets, by finance committee vote.

Reserve Fund Transfers

| | 2004 | 2005 | 2006 | 2007 | 2008 |
|--|-----------|---------|---------|---------|---------|
| Budget | \$550,000 | 710,000 | 700,000 | 500,000 | 500,000 |
| transfers | \$550,000 | 669,375 | 700,000 | | |
| 2004: enterprise fund, professional services contracts, salaries, information systems, town gas | | | | | |
| 2005: school department, town gas, restore fire position, professional services, retirement assessment, snow & ice deficit | | | | | |
| 2006: OIH expense shortfalls, school expense shortfalls, utilities, bldg repairs | | | | | |

Capital funded from “raise & appropriate & other resources”

| | 2005 actual | 2006 actual | 2007 budget | 2008 <i>projected</i> |
|---------------|----------------|----------------|----------------|--------------------------|
| Override vote | 0 | 495,000 | 0 | |
| Free cash | 0 | 924,000 | 1,648,000 | <i>later</i> |
| From revenue | 0 | 0 | 0 | |
| Total | 0 | 1,419,000 | 1,648,000 | <i>later</i> |

Total Expenditures from “Raise & Appropriate”

| | 2005 | 2006 | 2007 | 2008 |
|---|------------|------------|---------------|------------------|
| | actual | actual | <i>budget</i> | <i>projected</i> |
| Article 8 * | 52,053,089 | 55,536,320 | 60,345,173 | 66,073,594 |
| Solid Waste | 2,120,000 | 1,900,000 | 2,586,588 | 2,716,000 |
| Assessments & other articles | 1,019,072 | 2,290,849 | 2,221,881 | 1,486,000 |
| Capital | 0 | 1,419,000 | 1,648,000 | <i>Later</i> |
| Total | 55,192,161 | 61,146,169 | 66,801,642 | 70,275,594 |
| <i>*Includes 2005 reserve fund transfers as moved</i> | | | | |

Total Revenue & Expenditures with all supplemental requests at this time

| | 2005 | 2006 | 2007 | 2008 |
|--|------------|------------|---------------|-------------------|
| Totals | actual | actual | <i>budget</i> | <i>projection</i> |
| Revenue & resources | 56,898,345 | 63,076,249 | 66,801,642 | 70,336,800 |
| Expenditures & uses | 55,192,161 | 61,146,169 | 66,801,642 | 70,275,594 |
| Net / (gap) | 1,706,184 | *1,930,080 | 0 | 61,206 |
| Supplemental requests, town & school | | | | 3,616,200 |
| Total gap including all supplemental requests: | | | | (3,554,994) |

* \$399,234 of this amount is reserved for debt service

Supplemental Requests – Town



Town Supplemental Requests: \$2,573,725

Operating expense requests: \$2,193,725

New payroll requests: \$380,000

Supplemental Requests - Town Operating Expense, \$2,193,725



- Total of 57 requests, from 22 departments or agencies
- Minimum \$150; maximum \$720,000; second largest \$356,800

Supplemental Requests – Town Operating Expenses detail – Recurring Requests

Recurring Requests: (in the past, many of these have been partially funded from the reserve fund or other transfers)

| | |
|--|--------------------|
| BOS/Various professional services | \$232,275 |
| Council on Aging/Admin costs | \$1,250 |
| Gasoline costs (Town-wide, excluding school) | \$36,000 |
| Health Dept/Wts & measures | \$5,500 |
| Human Services/Grant increase | \$66,200 |
| OIH/Educational supplies | \$2,400 |
| Park & Rec/Lifeguard expenses | \$5,000 |
| Personnel/expenses | \$15,000 |
| Police/expenses | \$75,000 |
| Public Works/Road improvements | \$720,000 |
| Visitor Services/fireworks | \$10,000 |
| TOTAL | \$1,168,625 |

Supplemental Requests –Town Operating Expenses detail – One Time Requests

| | |
|--|-------------|
| One Time Requests: (equipment, studies, vehicles, etc) | |
| Maintenance (various for 4 depts/agencies) | \$221,000 |
| Vehicles (7 for 6 depts) | \$170,000 |
| Equipment, supplies (7 depts) | \$127,800 |
| Professional services, construction/upgrades (4 depts) | \$506,300 |
| TOTAL | \$1,025,100 |

Supplemental Requests - Town Salary Expense, \$380,000



- Total of 9 requests, from 8 departments

Supplemental Requests - Town Salary Expense – detail

- Four requests from four departments to add permanent full-time positions, total \$272,000
- Two requests to add part time, temporary, or seasonal positions, total \$42,000
- Two requests to add on-call pay and reduce transfer from another fund, total \$66,000

Supplemental Requests – School at this time

At this time

| | |
|-----------------------------|---------------------|
| Total Identified Increase : | <u>\$ 1,042,475</u> |
| Payroll: | \$ 369,000 |
| Operating Expense: | \$ 673,475 |

At this time

Nature of Projections

- Projections are made regarding future events, using the best information available at the time, and using stated assumptions.
- Projections are updated regularly, replacing assumptions or estimates as more up-to-date information becomes available.
- Revenue estimates are final when the tax recap is approved by the state.

Next Steps

- Dec 6: Town Administration presentation of proposed FY 08 general fund budget
- Dec 13: Town Administration presentation of 5-year forecast and BOS review of General Fund budget
- Dec 20: BOS continued review of General Fund budget: December 20
- Dec 27: BOS adoption of FY 08 General Fund budget
- Jan 8: BOS presentation of budget to FinCom
- Jan – Feb: FinCom meetings re: budgets, warrant articles
- Feb 14: Budget status meeting with BOS, FinCom and School Comm at BOS mtg
- Mar 1: FinCom adoption of warrant article recommendations, including budget